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ABSTRACT

It is suggested that college administrators' actions do not necessarily need to follow from what they say. Assumptions of rigidity of organizations, heterogeneity of managers, clarity of objectives, and instrumentality of action are viewed as inconsistent with experience and tending to lead theorists astray. Modifications in assumptions of management are suggested by examining change, clear goals, managers and managerial incentives, and instrumentality in administrative life. The following conclusions are made: (1) Organizations change routinely and continually, and the effectiveness of an organization's management and response to its environment is linked to the effectiveness of routine processes. As a result, much of the job of an administrator involves the mundane work of making a bureaucracy work. (2) Some of the standard dicta that managers should define and pursue clear objectives need to be qualified by a recognition that clarity is sometimes a mistake and ambiguous preferences may be suitable. (3) Well-functioning organizations persistently produce a supply of nearly indistinguishable good managers and motivate managers to push themselves to the limit. (4) Administrators manage the way the sentiments, expectations, commitments, and faith of individuals concerned with the organization fit into a structure of social beliefs about organizational life. Administrators can affect organizations through their effect on the world views that surround organizational life. (CC)

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How We Talk and How We Act: Administrative Theory and Administrative Life

by
James G. March

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Seventh David D. Henry Lecture

University of Illinois at Urbana-Champaign
Urbana, Illinois

September 25-26, 1980

The David D. Henry Lectureships in Educational Administration are endowed by gifts to the University of Illinois Foundation in recognition of Dr. Henry's contributions to the administration of higher education, including his career as president of the University of Illinois from 1955 until 1971. The lectures are intended to focus upon the study of the organization, structure, or administration of higher education, as well as its practice. Selection of persons to present the lectures is the responsibility of the chancellors of the three campuses of the University. Presentation of the lectures is alternated among the campuses on an annual basis.

David Dodds Henry

President, University of Illinois
1955-71

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Preface

The seventh David D. Henry Lecture by a leading scholar of organizational theory, James G. March, titled "How We Talk and How We Act: Administrative Theory and Administrative Life," continues the tradition established in 1972 of an annual presentation of current knowledge, analysis, and interpretation of the administration of higher education. This lecture is of particular interest to current administrators of complex organizations, especially colleges and universities; principals and superintendents of schools may also find the lecture and the discussion useful.

March and Michael D. Cohen concluded in *Leadership and Ambiguity* (1974) that colleges and universities hav unclear purposes and goals which contribute to ambiguous administrat. e behavior. In other words, they did not observe that a rational administrative model was being followed when they studied administrative behavior in forty colleges and universities. They argued that one of the major reasons for this finding is the lack of agreement among the various constituencies on the purposes and goals of the institution. March argues that the individual administrator is not a major factor in the effectiveness of an educational institution because any of the "qualified" applicants would be about equally effective.

In this paper, March claims that effective administrators have two distinct types of behavior: talking and acting; and that the ways in which administrators act do not necessarily need to follow from what they say. He provides an explanation, if not a justification, for what I suspect most effective leaders usually do when they make symbolic public statements which appeal to and support the commonly accepted institutional values and later practice "exchange" theory, that is, doing what seems to be possible under the current circumstances.

March also introduces the concept of administrative density as a way of explaining the differences in quality administration in organizations. He does not argue that administration and administrators are not important, but he does believe that current screening and selection

practices make it probable that any of those who make the "short list" are likely to be about equally effective. He does not accept the "great man" theory.

One may not agree with the conclusions of March about the ways in which administrators of colleges and universities behave, but practicing administrators will be able to sleep more soundly without worrying about the seeming discrepancy between their speeches and their actions on a particular decision!

This paper and the accompanying dialogue raise a major philosophical issue about the appropriate behavior of leaders. It is a major and timely addition to the scholarship of higher education.

Ernest F. Anderson
Editor
Associate Professor of Higher Education
University of Illinois at Urbana-Champaign

Introduction

Because the program contains a detailed biography of Professor James G. March, I would like to mention just two things: one, although Dr. March deals in administrative theory, he is not without administrative practice. Indeed, he was founding dean of the School of Social Sciences, University of California at Irvine, and served in that position for six years. Two, at the time that he was there, our former chancellor, Jack Peltason, was vice-chancellor at Irvine; and Jim tells me that he knows Jack rather well and has worked with him. Indeed, our speaker, as you will note, was initially a political scientist who has strayed at least a little away from that area. To me, perhaps the most interesting aspect of his work is *Leadership and Ambiguity*. Not only did I enjoy the book, I enjoyed the title because it seems quite clear that leadership is highly ambiguous and administration certainly falls in that category. Our speaker has a distinguished career and has published widely in his field. We are delighted to have Professor James G. March from Stanford University to give this seventh Annual David D. Henry Lecture, "How We Talk and How We Act: Administrative Theory and Administrative Life."

John E. Cribbet
Chancellor
University of Illinois at Urbana-Champaign

How We Talk and How We Act: Administrative Theory and Administrative Life*

By James G. March
Merrill Professor of Management
Stanford University

It is a special pleasure for me to be here today. Although I have lived longer in California than anywhere else, and California life unquestionably agrees with me, I am by birth, rearing, and instincts a midwesterner with the usual midwestern prejudices. So I am glad to be back. It is particularly a pleasure to be asked to give the David D. Henry Lecture.

As a faculty member, I know how dangerous it is to praise administrators in their own organizations. Administration is the art of disappointing people, and those who have been disappointed do not always see administrative beauty in their tormentors; but it seems to me that the University of Illinois has been fortunate in having several senior administrators in recent years who have combined administrative skill with academic values and a commitment to scholarship. The combination has allowed them both to be administrators and to write about administration with grace and distinction. I think particularly of David Henry, Jack Peltason, and Jack Corbally. To talk about the relation between administrative leadership and administrative thought in an institution with such a distinguished history of both is an honor for me.

* This paper was given as the David D. Henry Lecture on Administration at the University of Illinois at Urbana-Champaign, September 25, 1980. It is based, in part, on work done jointly with Michael Cohen, Martha Feldman, Daniel Levinthal, James C. March, and Johan P. Olsen, and supported by grants from the Spencer Foundation, the National Institute of Education, and the Hoover Institution.

I am not an administrator. I believe I am only the second person without experience as a college president to be invited to deliver the David D. Henry Lecture. I am a student of organizations and administration, and it is from that point of view that I talk. Nevertheless, I hope that some comments from the ivory tower may be marginally useful to the real world of administration. Students of organizations are secretaries to people who live in organizations. Much of our time is spent talking to people in administrative roles, recording their behavior, and trying to develop descriptions of organizational life that fit common administrative experiences into a larger metaphor of organizational theory. As best we can, we try to make sense of what we see.

Making sense of organizational life is complicated by the fact that organizations exist on two levels. The first is the level of action where we cope with the environment we face; the second is the level of interpretation where we fit our history into an understanding of life. The level of action is dominated by experience and learned routines; the level of interpretation is dominated by intellect and the metaphors of theory. Ordinary administrative life is a delicate combination of the two levels. Managers act. They make decisions, establish rules, issue directives. At the same time, they interpret the events they see. They try to understand their own behavior, as well as that of others, in terms of theories that they (and others) accept. They try to present themselves in understandable, even favorable, terms. They try to improve the way they act by contemplating its relation to the way they talk, and they try to modify their talk by considering how they act.

The process has elegance, but it also has traps. The interweaving of experience and theory often makes it difficult for the student of administration to disentangle the events of organizational life from the theories about those events which participants have. The same interweaving complicates the ways in which administrators learn from their experience to improve their organizations. I want to explore some aspects of those complications today. My intentions are not grand. I want to talk about some parts of administrative theory and administrative life, about the implications of recent thinking on organizations, and particularly about the possibility that some of our administrative precepts — the way we talk — may sometimes be less sensible than our administrative behavior — the way we act.

Classical perspectives on administrative leadership are rich enough and varied enough to make any effort to describe them in broad terms ill-informed. Nevertheless, there is a relatively standard portrayal of organizations and their leaders that is easily recognized and is implicit in most of our administrative theories. Without attempting to represent those theories in a comprehensive way, I want to focus on four

assumptions of administrative thought that are important both to contemporary administrative action and to recent research on administrative life:

Assumption 1: The rigidity of organizations. In the absence of decisive and imaginative action by administrative leaders, organizations resist change.

Assumption 2: The heterogeneity of managers. Top managers vary substantially in their capabilities, and organizations that identify and reward distinctively able administrative leaders prosper.

Assumption 3: The clarity of objectives. Intelligent administrative action presupposes clear goals, precise plans, and unambiguous criteria for evaluation.

Assumption 4: The instrumentality of action. The justification for administrative action lies in the substantive outcomes it produces.

These assumptions permeate both our writings and our talk about organizations and administration. Although it is certainly possible to find counterexamples in the literature, they are part of generally received administrative doctrine. Moreover, they are not foolish. They reflect considerable good sense. One difficulty with them, however, is that they appear to capture only part of our experience. Most studies of administrative life present a somewhat different vision of administrative roles. Although there is a tendency for some biographers of particular leaders to surround administrative life with grandeur, most studies and most reports from administrators present a different picture of what administrators do. Administrative life seems to be filled with minor things, short-time horizons, and seemingly pointless (and endless) commitments. The goals of an organization seem to be unclear and changing. Experience seems to be obscure. Life is filled with events of little apparent instrumental consequence. The ways in which administrative theory leads us to talk about administrative life seem to be partially inconsistent with the ways in which we have experienced and observed it.

Such an inconsistency is neither surprising nor, by itself, disturbing. Tensions between theory and experience are important sources of development for both. But in this case, I think our theories lead us astray in some important ways. In order to examine that thought, I want to note some observations about organizational life drawn from recent research. First, some observations about change; second, some observations about clarity; third, some observations about managers and managerial incentives; and fourth, some observations about instrumentality in administrative life. Taken together, these observations suggest some modest modifications in our assumptions of management.

Organizations and change

Recent literature on organizations often details the ways that hopes for change are frustrated by organizational behavior. The contrariness of organizations in confronting sensible efforts to change them fills our stories and our research. What most of those experiences tell us, however, is not that organizations are rigid and inflexible. Rather, they picture organizations as impressively imaginative. Organizations change in response to their environments, including their managements; but they rarely change in a way that fulfills the intentional plan of a single group of actors. Sometimes organizations ignore clear policies; sometimes they pursue them more forcefully than was intended. Sometimes they protect policymakers from the follies of foolish policies; sometimes they do not. Sometimes they stand still when we want them to move. Sometimes they move when we want them to stand still.

Organizational tendencies to frustrate arbitrary administrative intention, however, should not be confused with rigidity. Organizations change frequently. They adopt new products, new procedures, new objectives, new postures, new styles, new personnel, new beliefs. Even in a short perspective, the changes are often large. Some of them are sensible; some are not. Bureaucratic organizations are not always efficient. They can be exceptionally obtuse. Change is ubiquitous in organizations; and most change is the result neither of extraordinary organizational processes or forces, nor of uncommon imagination, persistence, or skill. It is a result of relatively stable processes that relate organizations to their environments. Organizational histories are written in dramatic form, and the drama reflects something important about the orchestration and mythology of organizational life; but substantial change results easily from the fact that many of the actions by an organization follow standard rules that are conditional on the environment. If economic, political, or social contexts change rapidly, organizations will change rapidly and routinely.

In such a spirit, recent efforts to understand organizations as routine adaptive systems emphasize six basic perspectives for interpreting organizational action:

1. Action can be seen as the application of standard operating procedures or other rules to appropriate situations. The terms of reference are duties, obligations, and roles. The model is a model of evolutionary selection.

2. Action can be seen as problem solving. The terms of reference are alternatives, consequences, and preferences. The model is one of intended rational choice.

3. Action can be seen as stemming from past learning. The terms

of reference are actions and experiences. The model is one of trial and error learning.

4. Action can be seen as resulting from conflict among individuals or groups. The terms of reference are interests, activation, and resources. The model is one of politics — bargaining and power.

5. Action can be seen as spreading from one organization to another. The terms of reference are exposure and susceptibility. The model is one of diffusion.

6. Action can be seen as stemming from the mix of intentions and competencies found in organizational actors. The terms of reference are attitudes, abilities, and turnover. The model is one of regeneration.

These standard processes of organizational action are understandable and mostly reliable. Much of the time they are adaptive. They facilitate organizational survival. Sometimes organizations decline, and sometimes they die. Sometimes the changes that are produced seem little connected either to the intentions of organizational actors or to the manifest problems facing an organization. A propensity to change does not assure survival, and the processes of change are complicated by a variety of confusions and surprises. Solutions sometimes discover problems rather than the other way around. Organizations imitate each other, but innovations and organizations change in the process. Environments are responded to, but they are also affected. The efforts of organizations to adapt are entangled with the simultaneous efforts of individuals and larger systems of organizations. In these ways, the same processes that sustain the dull day-to-day activities of an organization produce unusual events.

These six perspectives portray an organization as coping with the environment routinely, actively adapting to it, avoiding it, seeking to change it, comprehend it, and contain it. An organization is neither unconditionally rigid nor unconditionally malleable; it is a relatively complicated collection of interests and beliefs acting in response to conflicting and ambiguous signals received from the environment and from the organization, acting in a manner that often makes sense and usually is intelligent. Organizations evolve, solve problems, learn, bargain, imitate, and regenerate. Under a variety of circumstances, the processes are conservative. That is, they tend to maintain stable relations, sustain existing rules, and reduce differences among similar organizations. But the fundamental logic is not one of stability in behavior; it is one of adaptation. The processes are stable; the resulting actions are not.

Organizations change routinely and continually; and the effectiveness of an organization in responding to its environment, as well as

much of the effectiveness of management, is linked to the effectiveness of routine processes. As a result, much of the job of an administrator involves the mundane work of making a bureaucracy work. It is filled with activities quite distant from those implied in a conception of administration as heroic leadership. It profits from ordinary competence and a recognition of the ways in which organizations change by modest modifications of routines rather than by massive mucking around. Studies of managerial time and behavior consistently show an implicit managerial recognition of the importance of these activities. The daily activities of a manager are rather distant from grand conceptions of organizational leadership. Administrators spend time talking to people about minor things, making trivial decisions, holding meetings with unimportant agendas, and responding to the little irritants of organizational life. Memoirs of administrators confirm the picture of a rewarding life made busy by large numbers of inconsequential things.

These observations describe administrative life as uncomfortably distant from the precepts of administrative theory and from hopes for personal significance. They have led to efforts to change the ways managers behave. Numerous training programs attempt to teach managers to bring their personal time allocation closer to the ideal. They provide procedures designed to increase the time for decision making, planning, thinking, and the other things that appear more characteristic of theories of administration than of administrative jobs. These efforts may be mistakes. Making bureaucracy work involves effectiveness in executing a large number of little things. Making bureaucracies change involves attention to the minor routines by which things happen. Rules need to be understood in order to be interpreted or broken; simple breakdowns in the flow of supplies need to be minimized; telephones and letters need to be answered; accounts and records need to be maintained.

The importance of simple competence in the routines of organizational life is often overlooked when we sing the grand arias of management, but effective bureaucracies are rarely dramatic. They are administrative organizations that require elementary efficiency as a necessary condition for quality. Efficiency as a concept has been subject to considerable sensible criticism on the grounds that it is either meaningless or misleading if we treat it independently of the objectives being pursued. The point is well taken as a critique of the "cult of efficiency," but it is much too simple if we take it as an assertion that all, or even most, efforts in an administrative organization need a clear specification of global goals to be done well. An administrative organization combines large numbers of tasks into some kinds of meaningful

combinations, but much of the effectiveness of the combination depends on the relatively automatic, local correction of local inefficiencies without continuous attention to the "big picture."

Much of what distinguishes a good bureaucracy from a bad one is how well it accomplishes the trivia of day-to-day relations with clients and day-to-day problems in maintaining and operating its technology. Accomplishing these trivia may involve considerable planning, complex coordination, and central direction, but it is more commonly linked to the effectivenes of large numbers of people doing minor things competently. As a result, it is probably true that the conspicuous differences around the world in the quality of bureaucratic performance are due primarily to variance in the competence of the ordinary clerk, bureaucrat, and lower manager, and to the effectiveness of routine procedures for dealing with problems at a local level. This appears to be true of armies, factories, postal services, hotels, and universities.

Organizations and ambiguous preferences

The classical administrator acts on the basis of knowledge about objectives. Goals are presumed to be clear — or it is presumed to be a responsibility of administration to make them clear. Administrative life often seems to be filled with ambiguous preferences and goals, and this becomes particularly conspicuous as one nears the top of an organization. Objectives are hard to specify in a way that provides precise guidance. That is not to say that they are completely unknown or that all parts are equally obscure. Administrative goals are often unclear; when we try to make them clear, they often seem unacceptable.

Goal ambiguity is particularly troubling to a conception of rational administrative action. As we normally conceive it, rational action involves two kinds of guesses: guesses about future consequences and guesses about future preferences for those consequences. We try to imagine the future outcomes that will result from our present actions, and we try to imagine how we will evaluate those outcomes when they occur. Neither guess is necessarily easy. Anticipating future consequences of present decisions is often subject to substantial error. Anticipating future preferences is often confusing. Theories of rational choice are primarily theories of these two guesses and how we deal with their complications. Theories of choice under uncertainty emphasize the complications of guessing future consequences. Theories of choice under ambiguity emphasize the complications of guessing future preferences.

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In standard prescriptive theories of choice:

Preferences are relevant. Prescriptive theories of choice require that action be taken in terms of preferences, that decisions be consistent with objectives in the light of information about the probable consequences of alternatives for valued outcomes.

Preferences are stable. With few exceptions, prescriptive theories of choice require that tastes be stable. Current action is taken in terms of current preferences. The implicit assumption is that preferences will be unchanged when the outcomes of current actions are realized.

Preferences are consistent. Prescriptive theories of choice allow mutually inconsistent preferences only insofar as they can be made irrelevant by the absence of scarcity or by the specification of tradeoffs.

Preferences are precise. Prescriptive theories of choice eliminate ambiguity about the extent to which a particular outcome will satisfy preferences, at least insofar as possible resolutions of ambiguity might affect the choice.

Preferences are exogenous. Prescriptive theories of choice presume that preferences, by whatever process they may be created, are not themselves affected by the choices they control.

Each of these theoretical features of proper preferences seems inconsistent with some observations of administrative behavior. Administrators often ignore their own, fully conscious preferences in making decisions. They follow rules, traditions, hunches, and the advice and actions of others. Preferences often change over time in such a way that predicting future preferences is often difficult. Preferences are often inconsistent. Managers and others in organizations are often aware of the extent to which some of their preferences conflict with others of their preferences, yet they do nothing to resolve the conflict. Many preferences are stated in forms that lack precision. It is difficult to make them reliably operational in evaluating possible outcomes. While preferences are used to choose among actions, it is often also true that actions and experiences with their consequences affect preferences. Preferences are determined partly endogenously.

It is possible, of course, that such portrayals of administrative behavior are perverse. They may be perverse because they systematically misrepresent the actual behavior of administrators, or they may be perverse because the administrators they describe are, insofar as the description applies, stupid. It is also possible that the description is accurate and the behavior is intelligent, that the ambiguous way administrators sometimes deal with preferences is, in fact, sensible. If such a thing can be imagined, then perhaps we treat preferences inadequately in administrative theory.

The disparity between administrative objectives, as they appear in administrative theory, and administrative objectives, as we observe them in organizational life, has led to efforts to "improve" the way administrators act. These characteristically emphasize the importance of goal clarity and of tying actions clearly to prior objectives. Deviations from the goal precision anticipated by decision theory have been treated as errors to be corrected. The strategy has led to important advances in management, and it has had its successes. But it also has had failures. Stories of disasters attributable to the introduction of decision technology are clichés of recent administrative experience.

As a result, students of administrative theory have been led to ask whether it is possible that goal ambiguity is not always a defect to be eliminated from administration, whether perhaps it may sometimes reflect a form of intelligence that is obscured by our models of rationality. For example, there are good reasons for moderating an enthusiasm for precise performance measures in organizations. The introduction of precision into the evaluation of performance involves a trade-off between the gains in outcomes attributable to closer articulation between action and measured objectives and the losses attributable to misrepresentation of goals, reduced motivation for development of goals, and concentration of effort on irrelevant ways of beating the index. Whether we are considering a performance evaluation scheme for managers or a testing procedure for students, there is likely to be a difference between the *maximum* clarity of goals and the *optimum* clarity.

The complications of performance measures, are, however, only an illustration of the general issue of goal ambiguity in administrative action. In order to examine the more general issue, we probably need to ask why an intelligent administrator might deliberately choose (or sensibly learn) to have ambiguous goals. In fact, rationalizing ambiguity is neither difficult nor novel, but it depends on perspectives somewhat more familiar to human understanding as it is found in literature, philosophy, and ordinary experience than as we see it in our theories of administration and choice. For example:

> Many administrators engage in activities designed to manage their own preferences. These activities make little sense from the point of view of a conception of action that assumes administrators know what they want and will want, or a conception that assumes wants are morally equivalent. But ordinary human actors sense that they might come to want something they should not, or that they might make unwise or inappropriate choices under the influence of fleeting, but powerful, desires if they do not control the development of preferences or buffer action from preferences.

Many administrators are both proponents for preferences and observers of the process by which preferences are developed and acted upon. As observers of the process by which their beliefs have been formed and evoked, they recognize the good sense in perceptual and moral modesty.

Many administrators maintain a lack of coherence both within and among personal desires, social demands, and moral codes. Though they seek some consistency, they appear to see inconsistency as a normal, and necessary, aspect of the development and clarification of values.

Many administrators are conscious of the importance of preferences as beliefs independent of their immediate action consequences. They accept a degree of personal and social wisdom in ordinary hypocrisy.

Many administrators recognize the political nature of rational argument more clearly than the theory of choice does. They are unwilling to gamble that God made clever people uniquely virtuous. They protect themselves from cleverness by obscuring the nature of their preferences; they exploit cleverness by asking others to construct reasons for actions they wish to take.

If these characteristics of ambiguous preferences processing by administrators make sense under rather general circumstances, our administrative theories based on ideas of clarity in objectives do not make as much sense as we sometimes attribute to them. Not only are they descriptively inadequate, they lead to attempts to clarify things that serve us better unclarified. Some of our standard dicta that managers should define and pursue clear objectives need to be qualified by a recognition that clarity is sometimes a mistake.

Organizations, managerial ambitions, and managerial incentives

In most conceptions of administration, administrators are assumed to be ambitious for promotion, position, and success. Managerial incentive schemes are efforts to link such personal ambitions of managers with the goals of the organization so that the behavior of self-interested managers contributes to achieving organizational objectives. As you move toward the top of an organization, however, some things happen that confuse ambition. Promotions are filters through which successful managers pass. Assuming that all promotions are based on similar attributes, each successive filter further refines the pool, reducing variation among managers. On attributes the organization considers important, vice-presidents are likely to be significantly more homogeneous than first-level managers. In addition, as we move up the organization, objectives usually become more conflicting and more

ambiguous. Exactly what is expected of a manager sometimes seem obscure and changing, and it becomes harder to attribute specific outcomes to specific managerial actions.

Thus, as we move up the organization, evaluation procedures become less and less reliable, and the population of managers becomes more and more homogeneous. The joint result is that the noise level in evaluation approaches the variance in the pool of managers. At the limit, one vice-president cannot be reliably distinguished from another; and quality distinctions among top executives, however consistent with their records, are less likely to be justified than distinctions made at a lower level. Toward the top of an organization, it is difficult to know unambiguously that a particular manager makes a difference. Notice that this is not the same as suggesting that management is unimportant. Management may be extremely important even though managers are indistinguishable. It is hard to tell the difference between two different light bulbs also; but if you take all light bulbs away, it is difficult to read in the dark. What is hard to demonstrate is the extent to which high-performing managers (or light bulbs that endure for an exceptionally long time) are something more than one extreme end of a probability distribution of results generated by essentially equivalent individuals.

Because it has such properties, a mobility system in an organization is a hierarchy of partial lotteries in which the expected values of the lotteries increase as we move up the organization, but control over their outcomes declines. Of course, if the objective is to recruit ambitious and talented people into management, it may not matter whether potential managers are able to control outcomes precisely, as long as the expected values of the games are higher than other opportunities. Ambitious people will seek such careers even if they believe — which they may not — that the outcomes are chance. What is less clear is exactly what kind of managerial behavior will be stimulated by management lotteries.

At the heart of a managerial promotion and reward scheme is normally some measure of managerial performance. Managers are seen as improving organizational outcomes by trying to improve their own measured performance, but every index of performance is an invitation to cleverness. Long before reaching the top, an intelligent manager learns that some of the more effective ways of improving measured performance have little to do with improving product, service, or technology. A system of rewards linked to precise measures is not an incentive to perform well; it is an incentive to obtain a good score. At the same time, since managers are engaged in a lottery in which it is difficult to associate specific outcomes with specific man-

agerial behavior, it becomes important to be able to say "I did the things a good manager should do." We develop a language for describing good managers and bad ones, and individual managers are able to learn social norms of management. Not all managers behave in exactly the same way, but they all learn the language, expectations, and styles. They are socialized into managerial roles.

These analyses of the consequences of managerial incentives at the top seem inconsistent with the way we talk about leadership in organizations. In effect, we now have two contending theories of how things happen in organizations. The first is considerably influenced by stories of great figures — Catherine the Great, Bismarck, Alfred Sloan — and elaborated by the drama of success and failure of individuals in bureaucratic settings. It portrays administration in relatively heroic ways. Such portrayals lead us to attribute a large share of the variance in organizational outcomes to special properties of specific individual managers. They are comfortably reassuring in the major role they assign to administrative leadership, but they seem to describe a world rather far from administrative experience or research.

The second theory (filled with metaphors of loose coupling, organized anarchy, and garbage can decision processes) seems to describe administrative reality better, but it appears uncomfortably pessimistic about the significance of administrators. Indeed, it seems potentially pernicious even if correct. Consider two general types of errors a manager might make in assessing the importance of intentional actions in controlling organizational outcomes. A manager might come to believe in considerable personal control over outcomes when, in fact, that control does not exist. A "false positive" error. Such a belief would lead to (futile) attempts to control events, but it would not otherwise affect results. Alternatively, a manager might come to believe that significant personal control is not possible when, in fact, it is. A "false negative" error. Such a belief would lead to self-confirming withdrawal from efforts to be effective. Either type of error is possible; but the social costs of the first seem small, relative to the second. Given a choice, we would generally prefer to err on the side of making false positive errors in assessing human significance, rather than false negative errors.

Perhaps fortunately, organizational life assures a managerial bias toward belief in managerial importance. Top managers are not random managers; they are successful managers. They rise to the top on the basis of a series of successful experiences. We know that individuals often find it easy to believe that successes in their lives are attributable to their talents and choices, while failures are more due to bad luck or malevolence. Promotion to the top on the basis of successes at lower

levels results in top level executives believing in the possibility of substantial intentional control over organizational events. Even though their experiences might have led managers to such beliefs erroneously, managerial experience is likely to be subjectively very persuasive. In effect, the system of managerial mobility is designed to make managers much more resistant to false beliefs in impotence than to false beliefs in control. Administrative experience, as well as managerial self-esteem, will usually give managers a greater sense of personal importance and uniqueness than the second theory suggests.

In fact, there is a third theory; and it is probably closer to the truth than either of the others. In this third view, managers *do* affect the ways in which organizations function. But as a result of the process by which managers are selected, motivated, and trained, variations in managers do not reliably produce variations in organizational outcomes. In such a conception, administrators are vital as a class but not as individuals. Administration *is* important, and the many things that administrators do are essential to keeping the organization functioning; but if those vital things are only done when there is an unusually gifted individual at the top, the organization will not thrive. What makes an organization function well is the density of administrative competence, the kind of selection procedures that make all vice-presidents look alike from the point of view of their probable success, and the motivation that leads managers to push themselves to the limit.

Earlier, I used the analogy of a light bulb. I think it is a good analogy. If the manufacture of light bulbs is so unreliable that only a few actually work, you will not be able to do much reading. On the other hand, if light bulbs are reliable, you can read whenever you want to, but you won't much care which light bulb you use. One problem with some conventional administrative thought is that it encourages us to glorify an organization that finds the unique working light bulb in a large shipment of defective bulbs, rather than an organization that persistently produces a supply of nearly indistinguishable good bulbs. It is the latter organization that functions better.

Organizations, rituals, and symbols

Administrators and administrative decisions allocate scarce resources and are thereby of considerable social and individual importance, but decisions in organizations and the administration of them are important beyond their outcomes. They are also arenas for exercising social values, for displaying authority and position, and for exhibiting

proper behavior and attitudes with respect to a central ideological construct of modern Western civilization — the concept of intelligent choice. Bureaucratic organizations are built on ideas of rationality, and rationality is built on ideas about the way decisions should be made. Indeed, it would be hard to find any institution in modern society more prototypically committed to systematic, rational action than a formal organization.

Thus, administrative action in an organization is a performance in which administrators try to behave in a normatively praiseworthy way. Making intelligent decisions is important, but the verification of intelligence in decision making is often difficult. As a result, it often becomes heavily procedural. For example, in the usual scenario for administrative performance, the gathering of information is not simply a basis for action; it is a representation of competence and a reaffirmation of personal virtue. Command of information and information sources enhances perceived competence and inspires confidence. The belief that more information characterizes better decisions and defensible decision processes engenders a conspicuous consumption of information. Information is flaunted but not used, collected but not considered.

Ideas about proper administrative behavior diffuse through a population of organizations and change over time. What makes a particular procedure appropriate for one manager is that it is being used in other successful organizations by other successful managers. What makes an administrative innovation new and promising is that it has been adopted by other organizations that are viewed as being intelligently innovative. Managerial procedures spread from successful organizations to unsuccessful ones, as the latter try to present themselves as equivalent to the former; and the signal a particular procedure provides is gradually degraded by its adoption by organizations that are not "well-managed" or "progressive," thus stimulating the invention of new procedures.

This competition among managers and organizations for legitimacy and standing is endless. As managers attempt to establish and maintain reputations through the symbols of good management, social values are sustained and elaborated. For symbols of administrative competence are, of course, symbols simultaneously of social efficacy. Belief in the appropriateness of administrative actions, the process by which they are taken, and the roles played by the various actors involved is a key part of a social structure. It is not only important to decision makers that they be viewed as legitimate; it is also useful to society that leaders be imagined to control organizational outcomes and

to act in a way that can be reconciled with a sense of human control over human destiny.

Ritual acknowledgement of managerial importance and appropriateness is part of a social ceremony by which social life is made meaningful and acceptable under conditions that would otherwise be problematic. For example, managerial capabilities for controlling events are likely to be more immediately obvious to managers than to others in the organization. Since most of the managers with whom managers must deal are themselves successful managers, the problem is somewhat concealed from daily managerial experience. Many of the people whom we see in administration, particularly in a growing organization, are people who see themselves as successful; but there are others, less conspicuous, who do not derive the same prejudices from their own experience. So, we construct various myths of management. The same mobility process that encourages top managers in a belief in their own control over events tends to teach some others that managerial successes and the events associated with them are more due to luck or corruption.

The stories, myths, and rituals of management are not merely a way some people fool other people or a waste of time. They are fundamental to our lives. We embrace the mythologies and symbols of life and could not otherwise easily endure. Executive behavior and management procedures contribute to myths about management that become the reality of managerial life and reinforce a belief in a human destiny subject to intentional human control. They may not be essential to such a belief — it is reinforced in many subtle ways throughout society — but executive rituals and executive life are parts of that large mosaic of mutually supporting myths by which an instrumental society brings hope and frustration to individual lives. Since managerial rituals are important to our faith, and our faith is important to the functioning of organizations as well as the broader social and political order, these symbolic activities of administration are central to its success.

Most administrators seem ambivalent about symbol management. On the one hand, they recognize that they spend considerable time trying to sustain beliefs in the intelligence, coherence, importance, and uniqueness of their organizations (and themselves). At the same time, however, they seem to view the activity as either somewhat illegitimate or as an imposition on more important things — such as decision making, directing, or coordinating. They treat the rituals of administration as necessary, but they talk about them as a waste of time.

Partly, of course, the ambivalence is itself socially dictated. In a

society that emphasizes instrumentality as much as Western society does, leaders would be less acceptable if they were to acknowledge the ritual activities of their jobs as central. One of their key symbolic responsibilities is to maintain an ideology that denies the legitimacy of symbol maintenance. Thus, they tend to do it but to deny they do it, or to bemoan the fact that they must do it. It is a careful dance along a narrow beam, and there is the possibility of much grace in it. But the elegance of the dance probably depends on a fine modulation between talk and action, as well as some administrative consciousness of the meaning of the dance. In order to achieve that consciousness, we probably need to recognize the ambivalence and to encourage administrators to see how the activities in which they participate are an essential part of a larger social ritual by which they, as well as others in society, reaffirm purpose and order in a potentially disorderly world.

Many managers, of course, recognize the many elements of storytelling by which they present themselves. Successful managers are usually adept at managing their own reputations. They know how to manage symbols for that purpose. The self-serving character of managerial symbol manipulation is easily seen as unattractive, and few would want to legitimize the self-aggrandizement and self-delusion that are its corollaries. Nor would many observers welcome an unconditional enthusiasm for using symbols to sustain the existing social order against all counterclaims. Critics of the establishment cannot be expected to embrace symbolic performances that have as their main consequence the reinforcement of an unacceptable social system.

These reasonable concerns about symbol manipulation are reminders of its administrative importance. Life is not just choice. It is also poetry. We live by the interpretations we make, becoming better or worse through the meanings we impute to events and institutions. Our lives change when our beliefs change. Administrators manage the way the sentiments, expectations, commitments, and faiths of individuals concerned with the organization fit into a structure of social beliefs about organizational life. Administrative theory probably underestimates the significance of this belief structure for effective organizations. As a result, it probably underestimates the extent to which the management of symbols is a part of effective administration. If we want to identify one single way in which administrators can affect organizations, it is through their effect on the world views that surround organizational life; and those effects are managed through attention to the ritual and symbolic characteristics of organizations and their administration. Whether we wish to sustain the system or change it, management is a way of making a symbolic statement.

Round theories and flat experience

In general, these observations are not particularly surprising. In most ways, they are familiar to our experience. They are less familiar, however, to the way we talk about administration. I have tried to list four emphases of administrative theory that seem to be relatively distant from our observations and experience:

> First, the theoretical emphasis on change as produced by heroic leader action and the consequent emphasis on effectiveness (goal-oriented action) rather than efficiency (goal-free actions), on *leadership* rather than *management*. The theoretical rhetoric of change seems antithetical to routine, but I have argued that effective systems of routine behavior are the primary bases of organizational adaptation to an environment.
>
> Second, the theoretical emphasis on problem solving of a classical sort in which alternatives are assessed in terms of their consequences for prior goals that are stable, precise, and exogenous. I have argued that many situations in administration involve goals that are (and ought to be) ambiguous.
>
> Third, the theoretical emphasis on explaining variations in organizational outcomes is due to variations in top leadership skills and commitment. I have argued that when an organizational system is working well, variations in outcomes will be due largely to variables unrelated to variations in attributes of top leaders. Where top leadership affects variation in outcomes, the system is probably not functioning well.
>
> Fourth, the theoretical emphasis on administrative action as instrumental, as being justified by the way it produces substantive consequences for important outcomes. I have argued that much of administration is symbolic, a way of interpreting organizational life in a way that allows individuals in organizations to fit their experience to their visions of human existence. Administrative processes are sacred rituals at least as much as they are instrumental acts.

If informed opinion says the earth is round but we experience it as flat, we are in danger of having to choose between our senses and our intellect. If we can, we want to discover behavior that is sensible but at the same time confirms our conventional probity — in the face of their apparent inconsistency. The usual procedure, of course, is to talk about a round world and use a flat map. In the case of the map and the earth, we are confident enough of the round theory to be willing to make a fairly precise rationalization of the map. In other cases, the issues are in greater doubt. If you experience planning as something you rarely do yet all the people you admire report that it is important, you might plausibly come to echo their comments without

a clear understanding of why you talk about planning so much yet do it so little.

Like a person contemplating a naked emperor amidst courtiers exclaiming over the royal clothing, an administrator must simultaneously act intelligently and sustain a reputation for intelligence. Since theories of administration — and the talk that they generate — are part of the basis for reputation, their distance from ordinary administrative experience poses a problem. For most administrators, the difficulties are not likely to be seen as stemming from failures in administrative theory. For what I have called "administrative theory" is not some set of esoteric axioms propagated by a few high priests of academe. Rather, it is an elaboration of very general cultural beliefs about organizations, change, leadership, and administration. Most reasonable people accept them with as much confidence as they accept the notion that the earth is round, even while at the same time finding them inconsistent with important parts of organizational life.

The argument is not that administrative theory and administrative life should coincide. In general, they should not. The criterion for a good normative theory is not its descriptive accuracy. It is not necessary that the theory be correct, consistent, or even meaningful in conventional terms. It is not necessary that the theory resolve all the difficult trade-offs that impinge on administrative life. In most human domains, we maintain the maxims of a good life by violating them judiciously without claims of virtue; and we pursue goals we would not want to achieve in hopes thereby of becoming better than we are. For our theories of administration to be useful in administrative life, we require that *pursuing* (without necessarily fulfilling) the precepts of the theory improves organizations and administration. In such a spirit, administrators may struggle to follow the precepts of administrative thought, even though they are impossible, inconsistent, or unwise. Intelligent administrators might well do such a thing in full consciousness, not in hopes of fulfilling the precepts — for they would not want to do that — but in hopes of acting in a better way than they would without the struggle.

Much of standard administrative theory, including parts that have long been criticized by behavioral students of organizations, seems to me to meet such criteria. There are numerous elementary — but vital — rules of thumb that help improve the management of an organization when applied with intelligence, even though they seem either trivial or contradictory. For example, the dictum that managers should minimize the span of control *and* minimize the number of levels in the organization is obviously nonsensical as a statement of an optimization problem. It is, however, not foolish as a statement of contradictory

complications in organizing. Many of the things that ancient texts on administration say seem to me similarly sensible — but not all of them. The fact that administrative theory, like a moral code, does not have to be *prima facie* sensible in order to be useful should not lead us to assume immediately that incomplete, inconsistent, or incorrect maxims are *necessarily* helpful.

Sometimes our assumptions are wrong, and the worlds we experience as flat actually are, if not entirely flat, not entirely round either. Administrators who feel that their experience with the way organizations change, with ambiguity in objectives and experience, with management incentives and careers, and with symbolic action are consistent with the kinds of research observations I have noted may well want to question conventional administrative thought and welcome alternative formulations. If these research observations capture a part of organizational truth, some of the apparently strange things that an administrator does are probably more sensible than administrative theory recognizes, and the struggle to fulfill the expectations of administrative virtue my result in actions that are less intelligent than they would have been in the absence of administrative dogma. Sometimes our theories are misleading, and the way we talk confuses the way we act.

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* This is far from a complete bibliography. It lists only pieces to which I have contributed and is intended simply to provide a guide to a somewhat more extensive discussion of some of the issues raised here. Several of these papers have more extensive bibliographies that should be consulted for a more comprehensive, not to mention more balanced, viewpoint.

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Responses, Questions, and Discussion

John E. Cribbet, Chancellor at Urbana-Champaign: Dr. March, we certainly thank you for a most interesting talk. There are several memorable phrases in the speech which I am sure we shall remember from time to time. I particularly like the "madly mucking about" bit, but I suppose, to stick to a prime analogy in your speech, that the next portion of the program might really be called John Cribbet and his three light bulbs. You can judge the degree of brightness or dimness of the group as we proceed through the panel discussion. To comment on the talk, we have three individuals who will take a look at the speech from varying perspectives. First, we have a president of a university, then we have a dean of a college, and finally we have a man at the apex, a professor. Each will look at the problems from his particular viewpoint. I'm not going to make introductions. I think all of you know Dr. Ikenberry. If you don't, you don't belong in the room. I think most of you also know Dean Burnett of our College of Education, and Lou Pondy, professor in the College of Commerce and Business Administration. We shall turn first to Dr. Ikenberry's comments.

Response by Stanley O. Ikenberry

President, University of Illinois

I should entitle my remarks "A Commentary on the Hole in the Apple from the Perspective of the Worm." "How We Talk and How We Act," the title of your address, struck me as interesting. I reflected on my amazement this past year in how much of my time I have spent doing the former and how little the latter.

The theory of administration is, I suppose, like the theory of the marketplace, a philosophy of life, or the theory of many other things. For those involved in the practice of administration and involved in living and working in complex organizations, we seldom pause to think that indeed there may be a theory that would help explain certain of the frustrations that surround us each day. One of your great gifts — not only to those in colleges and universities, but in complex organizations of all kinds — is to cause us to broaden our horizons and to become sensitive to the fact that indeed there may be a more rational explanation to our lives than perhaps we had earlier perceived.

I took your earlier comments, as you reviewed certain of the conventional canons of administration, not to be outright rejection of those canons, but rather to represent an effort to go beyond them. This is the great contribution of your writing and is the stimulus that your comments give. Organizations indeed do resist change; they are *designed* to resist change in order to provide stability of operation from day to day in the way human beings relate to each other. That organizations resist change, that leadership does make a difference, that organizations tend to do better when they have a sense of purpose, that the end result does count — these four canons, it seems to me, do retain some thread of validity.

You help us to understand the complexities of modern organizational life. The fact that the external environment may be one of the

more potent influences on an organization and on leadership is, I think, very well illustrated by the past two or three decades in higher education. One reflects on Dr. Henry's career as president of the University of Illinois in terms of the growth and expansion of this University. In the foreseeable future, there will not be a comparable period of growth and expansion. This growth and expansion, I dare say, Dr. Henry, was not brought about by any personal desire or drive on your part, but rather was brought about by a set of environmental forces. Had you set out to resist them, you would have run into serious problems. The challenge was neither to create change nor to resist it, but to help the University adapt and respond.

Your statement that much of administration is filled with rather unimportant and inconsequential events, Professor March, I found terribly disturbing in your comments, and I have no idea what you are talking about! When I recovered from personal offense, I stopped to think that the way a computer functions is not to achieve a single, grand solution. It solves complex problems by making repeated, minute comparisons. To a certain extent, the art of administration is a series of many small, discrete comparisons and decisions — any of which appears to be insignificant — and yet, when taken in the aggregate, eventually takes on broader significance.

To be able to live with ambiguity and to be able to comprehend it is one of the talents of administration. And for you, sir, as a theorist of administration, to articulate that principle does a great service for all of us.

Your caution against overly precise evaluation of administrative behavior is absolutely correct, and I intend to review this with the Board of Trustees at the next meeting! You are correct, too, as you remove some of the mythology from administration and place the "great person" theory into perspective. I particularly liked your concept of density, or depth of administrative talent, as being a more satisfactory explanation for the quality of organizational performance. In case you want documentation or a footnote to your text, we have had one of the best years in our history, and we did so while having a president who did not know his way to the office, an acting chancellor, an acting vice-chancellor for academic affairs, an acting vice-chancellor of research, an acting dean for the College of Liberal Arts and Sciences, an acting dean of the College of Education, a new dean of the College of Communications, and so forth. That the University of Illinois should be able to survive, in spite of the Cribbets and the Ikenberrys and the Burnetts and others, is a case in point to document your position.

I conclude with a question. I ask: Do leaders lead? Do they lead in the sense of influencing change, strengthening the sense of organizational identity, in terms of helping the organization gain a collective sense of reality, grasping a sense of common purpose — ambiguous though it may be, embracing a set of values — as tenuous as these may be, and achieving a sense of well-being — as uneasy as it may be? Do leaders lead in that sense, and if so, how do they do it within the context of your conceptual framework?

Response by Joe R. Burnett

Dean, College of Education
University of Illinois at Urbana-Champaign

I wish to talk about a number of general emphases which seem to me to pervade Professor March's paper and his and Michael D. Cohen's important volume, *Leadership and Ambiguity.*[1]

First, I am concerned about the emphasis placed upon normal change, of the dynamic stability which persists so long — among other things — the ubiquitous managers *are* average to above-average managers. I am interested about this emphasis because it invites the inference that crises do not genuinely count as such. I refer to crises of both internal and external origins. (I mean by a "crisis" a situation in which all or almost all knowledgeable, involved people will agree that there is imminent the destruction of a desirable organizational system or subsystem unless profound intervention occurs from some source.) Equally, another inference which seems invited is that there are seldom, if ever, those golden moments of a great opportunity when management can, so to speak, deliberately and dramatically change the course of history. True, we perhaps have to scale down concepts of crises and profound opportunities when talking about such prosaic things as colleges and universities, but I dare say that the economic and demographic conditions which are facing many small colleges (especially) and some large universities are prime sources of genuine crises and carry attendant, seemingly permanent, destruction of some worthy institutions. I think the response which is suggested by Professor March's work would be that *if anything could be done,* it would be done *via* normal processes of change — coping. But I think this surely begs the question with respect to crises and great opportu-

[1] New York: McGraw-Hill, 1974.

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nities as they are experienced. At the very least, it introduces a counterfactual argument which can be neither supported nor rejected unambiguously.

Tied to this observation is Professor March's distrust of notions of the heroic leader, the "great man" theory, together with a distrust of the corollary notion of power as a prime factor in organizational analysis.[2] One senses that he disdains the notion of human reason, effort, and power as sources of significant intervention to meet a crisis or grasp the great opportunity. Yet, as I read him, he does permit the efficacy of these in exceptional cases of persons, problems, and contexts. But, if this be so, why cannot the factors be seen functioning importantly all along? Power does not have to be exceptionally dramatic in order to be power. One can find cause for rejecting the unilateral theories of great or heroic persons without relegating to unwarranted triviality the notion that some administrators have exceptional power, and sometimes they use it decisively to interfere with normal operations during both normal and abnormal (e.g., crisis) times.

Again, perhaps it is the seemingly prosaic character of college and university life — or life at the specific institutions which Professor March studied — that causes power to seem such a relatively useless concept.

There seems to be a paradox in Professor March's discussion of power. It is not a significant factor in casual analysis, yet the symbolism of power *is* important. I think it is not enough to say it is important because it makes the person who possesses the symbols feel important. That may be true. *Mere* symbolism does exist; but it would not be true for long were it not the case that symbolism was a token for *the fact of power exercised,* upon some past occasion, that potentially could be exercised again. The symbolism is a reminder and a harbinger. It has potency to signify a *real* possibility.

Let me conclude with one final observation. There are two major views of institutional and social change in the regard that I have been discussing them. One holds that change is continuous — the past is always very much like the present, the immediate future will be very much like the present. This was the view of William Graham Sumner and of Vilfredo Pareto. It was the view of Harry Truman, who said that "the only thing new in the world is the history that we don't know." I think this is Professor March's view. It lends itself to conservatism and bare meliorism. Profound change is at best a psychological response: underlying reality changes little. Folkways and mores persist and dominate.

[2] Ibid., pp. 197-99.

The other view is that change is importantly saltatory. In the extreme, it is the view that "the only thing one can learn from history is that one can't learn from history" (Gustav Mueller said this, I believe.) Change involves leaps, gaps, discontinuities; these are opportune moments for leadership and power by human agents. This was Marx's view and that of Gunnar Myrdal — with the latter's notion of opinion explosions and human engineering.

It may be no comfort, but both views seem essentially subjective and unverifiable or falsifiable, even in principle. This suggests that a science of organizational change is impossible. Perhaps organizational theory is at best heavily an art, an "aesthetic" (as Santayana called all of life). Certainly Professor March's views represent a high expression, and a worthy one, in this dimension.

I am honored to have had the chance to respond to — and perhaps provoke — Professor March.

Response by Louis R. Pondy

Professor, College of Commerce and Business Administration
University of Illinois at Urbana-Champaign

Let me pose a question at the outset that I hope to answer by the end of my comments: Can we afford to take Jim March's view of administration seriously? That is a different question from asking whether he's right, or whether we *should* take him seriously.

March's paper might be viewed as an aberration if measured against the conventional wisdom of administrative practice, but if you set it in a different context, it seems quite sensible. I think that we can best understand the paper within the historic stream of debate, over a variety of issues, that has been going on in administrative theory for the past forty years. The paper can also be seen as an extension of Jim March's own work over the past twenty-five years. That debate is over the actuality, the possibility, the desirability of rational administrative action. In one view, administrative action is directed and motivated by the deliberate pursuit of stated goals and objectives; in the counterview, administrative action muddles along, activated only by the random processes of local adaptation.

The list of people who have participated in the debate includes scholars such as Chester Barnard, who in the late 1930s described organizations as rational, cooperative decision systems, and Herbert Simon, who first during the 1940s (and later as March's collaborator) tried to rescue rationality by inventing the concept of limited rationality, but intended rationality, nonetheless. During the 1950s, Charles Lindblom propounded his concept of incremental decision making (March and Lindblom were both at Yale at the same time, March as a student and Lindblom as a faculty member, and Jim's own views of decision making reflect the Lindblomian incrementalism). During the 1960s, James D. Thompson described organizations as being faced

with the dilemma of simultaneously operating a closed rational system in the short run and an open adaptive system in the long run. March's own work with Dick Cyert in the early 1960s, on the behavioral theory of the firm, is part of the same debate where decision making was seen as characterized not only by limited rationality but also by political behavior and the quasi-resolution of conflict. And in the decade just past, the random, nonrational side of the debate has been reinforced by scholars such as Henry Mintzberg, who — as a result of intensive studies of the daily life of managers — characterized administrative action as brief, fragmented, interrupted, and more like Brownian motion than directed action. There have been others who have weighed in on the "nonrational" side of the debate as well. Chris Argyris and Donald Schoen, in particular, have observed the distinction between "espoused theory" and "theory-in-action" and have argued in contrast to Professor March that the two should be coincident.

Let me try to sharpen this ongoing debate. I'd like to argue that the key word in the title of Professor March's talk is the word *and*. It's noteworthy that he did not title the paper "How We Talk *vs.* How We Act," or "How We Talk *Coincident with* How We Act," but "How We Talk *and* How We Act." That is, he tends to see action and talk as two separate domains of discourse, delicately coupled: where *talk* is informed by a concept of rational motivation, of rational pursuit, of progress towards some ideal end, *talk* as rationalization, justification and the creation of legitimacy, *talk* as the province of the top level of administration in complex organizations, what he also described as the "level of interpretation"; but where *action* is informed not by global rationality, but by local adaptation, with aggregate action resulting from the sum of disaggregated adaptations, not leading toward any specific ideal, but participating in an evolutionary drift, where "goals" follow *actions* as retrospective justifications, rather than as preset objectives.

In sum, March comes down on the nonrational side of the administrative rationality debate. There is a place for rational discourse in his model, but it is relegated to top-level administrative talk, which, he argues, is mostly *decoupled* from the real action in the infrastructure of the organization.

Now that we have placed March's views in a historical context, let me discuss some implications of his model by examining the different ways in which malfunctions manifest themselves within March's view and according to the conventional wisdom. In the latter case, administrative failure results in action not following talk closely enough, but within the Marchian view, there are several counterintuitive ways in which organizations can go wrong. One type of mal-

function results from attempting to make *action consistent with talk,* that is, by interfering with the processes of local adaptation in the name of obedience to rational discourse. I attended a very interesting lecture recently on the use of student credit hours as a kind of doctrine, or mythology, for administrative action — in particular as the basis for the internal allocation of resources at this and other universities. The very sage point was made that the concept of student credit hours was a useful device for communicating with external agencies, especially the state legislature, for the purpose of picturing the university as a productive educational institution; but that the university errs by taking the student credit hour concept too seriously and actually basing decisions — especially budget decisions — upon it, thereby setting in motion strategies by subunits to out-game the system. March's argument would be that we ought to talk one way about student credit hours for external consumption, and then make our internal allocation decisions on more sensible grounds that are not subject to tactics of beating the system.

A second way in which organizations can go wrong is by making *talk consistent with action,* that is, by freezing possible futures into the mold of the present and, perhaps, undermining the environmental legitimacy that is so necessarily provided by talk produced for external consumption.

A third malfunction is single-minded reliance on the "great leader." Lester Seligman has observed that the presidential debates create a serious dysfunction by focusing attention away from the parties and toward the personalities of individual candidates. What we really need, in March's view, is to get a routine administrative apparatus into place that will produce the desired actions. Falling back on the "great leader" myth directs our attention away from the task of building a workable administrative apparatus that facilitates local adaptation.

I'm in basic agreement with much of what March says (probably because I was a student of his twenty years ago!). However, I do see some problems with his analysis. He has left completely unspecified who has the responsibility for creating the routine procedures that normalize the process of change. One possibility is that the routine procedures themselves evolve through a process of local adaptations, but this is left unsaid. In my judgment, March also overstates the homogenizing effects of the selection process. He bases his analysis on the unspoken assumption that the sequenced selection filters all on the same set of criteria. If the selection criteria change from level to level, then it is more likely than March suggests that incompetent administrators will make it through the selection processes to the top. A related

problem is that the criteria that are applied during selection are not necessarily those criteria that are appropriate for good action once in office. There's no guarantee that I can see anywhere in his system that the selection procedures would, in fact, produce people of uniform but high competence. But then, in March's theory, administrators don't affect action anyway, so what does it matter if they are incompetent?

I was troubled, as was Dean Burnett, about the difficulty of explaining revolutionary change within his system. He seems to argue, as does Thomas Kuhn, about the structure of scientific revolutions — that revolutionary change can arise from the gradual accumulation of minor anomalies. March suggests that dramatic events are produced not by dramatic causes but by routine, elementary processes. This is very much a Kuhnian view of change.

Finally, I believe that March has overstated the case that decisions made by top administrators have no impact on organizational action at the lowest levels. For example, in the University, the chancellor and vice-chancellor may not make decisions about textbooks, classroom topics, and so forth, but they do make decisions about decision makers — what I would call "second order decisions": decisions about the selection of deans, search committees, and so forth. Although those choices are once or twice removed from the level of action and though they surely are symbolic in content, just as surely, they have substantive impact on the conduct of University affairs at the lowest level — albeit through indirect means.

There were some surprises in what March said. He speaks more favorably about classical administrative principles than I had been aware of in his work before. He also seemed to make a conscious attempt to move away from decision making as a central analytical concept — a major departure considering his twenty-five-year career of research on decision making.

Despite what I view as problems in the presentation, I do think that March's theory is closer to reality than the traditional model described in his opening comments. The accuracy of his model is not at issue. What is at issue is the effect of his theory on practice, and that brings me back to my opening question: Can we afford to take March's view seriously? What he is saying is the following: Effective administration consists firstly of treating talk and action in fact as separate domains and, secondly, of maintaining *the fiction* that talk and action are consistent with one another. He has rubbed our collective noses in the truth of this functional hypocrisy. However, by exposing the hypocrisy, he risks destroying its very effectiveness. Those who take March seriously will look with skepticism on any future administrator's assertion that his or her talk and action are indeed consistent. This

realization puts us in an uncomfortable and inescapable double bind. In order to preserve administrative effectiveness founded on March's doctrine of functional hypocrisy, we must keep March's theory a closely guarded secret and should immediately adjourn these proceedings! The only sensible response is to take March seriously in the privacy of our own thoughts, but to deny the truth of his thesis in public. At least that is what I would expect a truly clever and effective administrator to do.

Questions and Discussion

Chancellor Cribbet: I am not entitled to say anything except as a presiding officer. I would like to say one thing, however. I rather suspect that Jim March is correct, and I'm sorry if he is. I would have to confess that I'm a bit of a romantic. I tend to live by illusions and I don't want to have all of them destroyed. I do happen to believe in the "great person" theory of institutions, i.e., that people can move institutions. Otherwise, why do we bother to take on the burdensome administrative role?

Professor March: Rather than try to respond comprehensively to the thoughtful comments of my friends, let me restrict myself to one theme that runs through several of the speakers. The theme is an important one, and I fear that there is little I can add to what has been said by people like Ibsen, Tolstoy, Shaw, Cervantes, and Borges. But I can at least serve as a reminder of the possible relations between the prosaic concerns of management and the musings of General Kutuzov at the Battle of Borodino. It has been suggested, perhaps with some justice, that I have a less heroic view of leadership than some others do. Indeed, it has been suggested that such a view, even if correct, is pernicious — for it undermines belief in human efficacy, a vital basis for commitment on the part of the leaders. I am inclined toward a somewhat more classical view. I think that a fundamental problem of leadership, as of life, is the problem of sustaining intelligent optimism in the face of intelligent skepticism about great hopes. The serious hero is one who continues to act appropriately while understanding the limited relevance of action.

In Ibsen's *Wild Duck,* Dr. Relling argues against talking about *ideals.* He prefers the plain-speaking word *lies.* And yet, he says, we should not destroy the "life lies" by which we understand our existence. For 'if you take the illusions away from an ordinary person, you take life as well." Like Lou Pondy, Dr. Relling suggests avoiding realism about the limits of human control over history. In a world in which

it is hard to tell when, or whether, they are able to influence the course of events, we wish leaders to try to do good (even though it may be futile) rather than have them take the chance (however small) of foregoing an opportunity to make a better world. To encourage action rather than despair and withdrawal, we might embrace a myth of personal significance. As Lou Pondy suggests, we might want to ask whether we can afford the luxury of doubting the myths of management. It is a reasonable question, as one might expect, for both Dr. Relling and Dr. Pondy are reasonable people.

The question is reasonable, but I think it understates the risk, and overstates the feasibility, of fooling ourselves. In particular, life at the top of an organization provides mixed evidence for leadership significance. Although ordinary flattery and the limited imagination of organizational gossip is usually reassuring about managerial effects, direct managerial experience will often disappoint great expectations and confound the assessment of personal importance. If we require heroic action to be justified by great hopes, we invite a managerial tendency toward self-delusion or cynicism.

During my remarks, I tried to suggest one way of protecting leaders from some of the corruptions of discovering that they are not uniquely important. Suppose we consider the finals of the world championship 100-meter dash. If by some chance an average sprinter were able to sneak into the competition, we know such a person would be left far behind. We know that any world class sprinter who fails to train to the limit, or who is not committed to winning, or who slips momentarily in the race will also be left behind. But by the time you observe the world championship finals, you have the best sprinters, trained to the limit, and running their best. A consequence is that there is usually no reliable difference among them. Each is about equally likely to win. Top management is like that. Screening on the way to the top assures that chief executives will form a relatively homogeneous group. They are people who are ambitious, dedicated, able, and running as hard as they can. Like world class sprinters (or light bulbs), they will all do their best and do well. They are important, but they are substantially interchangeable. Leaders generally prefer the champion sprinter metaphor to the light bulb metaphor; but both are reminders that in a well-functioning system, hopes for personal significance should not be linked to expectations of indispensability.

Such cautions may help, but, in the end, great actions can be sustained more reliably if they are not based on great hopes for consequence. The basic text in leadership is written by Cervantes. After a series of seemingly irrational romantic actions, Don Quixote says, "No doubt you set me down in your mind as a fool and a madman,

and it would be no wonder if you did, for my deeds do not argue anything else. But for all that, I would have you take notice that I am neither so mad nor so foolish as I must have seemed to you. . . . All knights have their special parts to play. . . . I, then, as it has fallen to my lot to be a member of the knight-errantry, cannot avoid attempting all that to me seems to come within the sphere of my duties." In effect, Quixote says that, of course, the world is absurd — filled with windmills, donkeys, and actions of no consequence. But it is precisely the absurdity of life that makes affirmation and action a declaration of humanity rather than merely an instrumental act. For Quixote, great actions do not depend on great expectations, but rather on a conception of how a good person lives. It is a noble and romantic sentiment, and one that I think we might commend to college presidents, corporate chief executive officers, and heads of governmental agencies — within reason.

Questioner (Anne Huff, Assistant Professor, Business Administration, UIUC): I was interested in the comment about political parties, and I wonder if Professor March could make some comment about the political system in the light of his theory. I personally am not as confident about the functioning of light bulbs in politics as in universities.

Professor March: Organizations may certainly vary in the extent to which their selection and promotion procedures produce relatively homogeneous pools of relatively competent top managers. I would think it might be possible that the present political system in the United States is a somewhat less reliable filter than the system of promotion in some hierarchical organizations. I would be cautious about overdoing the distinction, however. The primary criteria for advancement in politics are political, and I think it is plausible to argue that there is less variation in political skills among leading politicians than there is among fledgling politicians. As a result, I think it is plausible to argue that although political leaders are important for the functioning of the political system, variations in the outcomes in political systems do not much depend on which specific political leader is chosen from the pool of candidates. I am speaking, of course, not about the variations due to fluctuations in the party in power (in democratic systems), but fluctuations due to variations in political skill at the top. Those latter fluctuations seem to me likely to be more modest than reading contemporary newspapers will suggest.

Questioner (Dorothy Robinson, Elementary School Principal, Danville, Illinois, and Doctoral Candidate in Administration, Higher, and Continuing Education, UIUC): In applying some of the things you said to my daily life as an administrator, I wonder if it is perhaps not

that the goals are ambiguous, but that an administrator is consciously managing conflicting expectations from subordinates, peers, superiors, and fringe groups which have political influence.

Professor March: Conflict in goals is clearly a characteristic of schools, as it is of hospitals, government agencies, and business firms. By emphasizing ambiguity in goals, I did not mean to ignore explicit conflict as a phenomenon. Good managers know how to arrange coalitions, to bargain, and to logroll agreements. I would, however, add a footnote to writings about organizations as political systems or education as a political system. Many theories of coalitions and bargaining in educational organizations overlook the extent to which the concerns of participants involved in education are embedded in their other concerns. As a result, they sometimes overlook the way in which politics is affected by factors influencing attention. Particularly in relatively minor political arenas, participants wander in and out. The resources they are willing to devote to that particular arena change. These wanderings and changes depend on the mix of concerns and opportunities in other arenas, and that mix shifts in a way that seems almost fortuitous. As a result, conflict and political bargaining do not have the kind of fine-grained stability that might be expected. Organizational managers can, of course, try to manipulate attention. They can, for example, provide symbolic issues to attract potential participants who might help them. They can time projects to coincide with a favorable mix of attention. When you recognize the ambiguities of attention in a political system, however, you may want to see the system as somewhat more "ambiguous" and somewhat less "political" than the political metaphor usually suggests.

Questioner (Professor Pondy): Anne Huff and I are doing a study of school superintendents. One of them is faced with a school closing issue in which there could have been intense conflicts between people who don't want to see the building torn down, others who don't want to see senior citizens moved in, and others who don't want to see real estate tenants moved in. One of the things he's done that has been very clever is to keep the antagonists out of snowball throwing distance of each other. What's happened recently is that a brand new potential buyer has shown up on the scene and that has resolved the problem. If he had forced a joining of the issue too soon, it would have produced intense conflict in the community. His genius was to keep things suspended in limbo long enough until an expected solution simply showed up on its own accord.

Professor March: I suspect that administrative theory may sometimes have unduly complicated life by emphasizing the benefits of participation and involvement without noting their costs.

Questioner (Professor Pondy): We had another superintendent who came into a district, developed his own program, and then tried to sell it to the entire community. But he harked back to his administrative theory courses where he read something about participative management and decided that the way to sell his program was to invite participation. So, he offered to meet with any group in the community to explain his program, wherever and whenever they wanted, and he wound up meeting for thirty-seven straight nights. What he did was to organize all the opposition against him, and the program was defeated. Again, it was the result of joining the issue too firmly, too soon, and too directly without letting it develop its own rhythm. That was a beautiful case of taking a theory of participative management too seriously.

Questioner (Hugh Petrie, Professor, Educational Policy Studies, UIUC): I appreciated your suggestion that ordinary bureaucratic procedures, appropriately carried out, are not as often recognized as being adaptive forms of behavior as they should be. On the other hand, I also have a good deal of sympathy for the point that Dean Burnett and Lou Pondy made in their comments that you either denied or at least ignored the possibility that on occasion the bureaucratic tendency, given significant changes in the ecology, will not be adaptive. I did not think your two allusions, as much as I loved both of them in your response, spoke to that issue. Are there crises where just doing the good old things well will not be sufficient to bring about the needed change?

Professor March: I think the answer to your question is clearly yes as long as you recognize that what you call "doing the good old things" will often produce notable changes and that profound changes in organizations can be produced by relatively modest interventions. That is, mundane responses of an organization to dramatic changes in the environment can be a source of radical organizational change, and carefully timed minor actions that exploit the natural processes of organizations to amplify them are a primary tool of effective leadership. With those caveats, however, I think it is important to recognize that organizations, like species, may require some kind of variation from sensible routines — some kind of foolishness. The general problem is not that organizations resist innovations and change stupidly, although that certainly occurs at times. The more general problem stems from the fact that most proposed changes are bad ideas. If you take a proposed change at random, it will have a negative expected value. That doesn't mean there are no good ideas. In fact, some possible changes are very, very good ideas. Unfortunately, it is hard to tell the good ones from the bad ones; and, on the average, an organization will be hurt by being the first to try a new direction. As a result, it is ordinarily not sensible for any organization to make a change until

some other organization has done so successfully. In short, resistance to change in organizations is typically not a sign of rigidity or stupidity but a generally sensible strategy. The problem for the larger system of organizations is to induce individual organizations to make enough dumb changes to ensure that the dumb things that actually turn out to be useful are discovered. This is probably not the place to identify the various ways in which organizations are made foolish in order to help the system of organizations, but it might be appropriate to mention the special role of foolishness in management. One of the ways in which innovation is produced is by encouraging managers to "make their marks." Most role descriptions of management put a premium on doing something. On the average, organizations are probably hurt more than helped by their own managerial initiatives; but the system of organizations profits from these foolish experiments with change. A small fraction of the dumb things that are done turn out to be very smart indeed. By emphasizing the importance of managerial action, organizations lead ambitious managers to do things that are not in the best interest of their own organizations but are a form of altruism extended toward the wider system.

Questioner (Dean Joe Burnett): Many people would thoroughly enjoy and learn from the final section of Professor March's volume on tactics of administrative leadership. These are, I think, very instructive. I wanted to ask one question. What would you say Lee Iaccoa's role was in the management of the Chrysler crisis recently? Was that a straight line development of ordinary managerial routine, or was that crisis intervention?

Professor March: I think it's a good question, but I don't have any basis for an answer.

Questioner (Fred Coombs, Associate Professor, Educational Policy Studies, UIUC): I'm not sure that you had an opportunity to respond to Pondy's invitation to spell out some of the mechanisms by which organizations adapt. It seems to some of us who haven't studied them as closely as you that at times organizations adapt very nicely to changes in the external environment, but that at other times one can identify quite dysfunctional things going on in the organization. I presume the "inspiration of foolishness" is one way in which they may adapt, but are there other mechanisms?

Professor March: I think it may be appropriate to distinguish change from adaptation. Change is probably necessary to adaptation, but not all change is adaptive. My basic argument is that change occurs routinely in organizations through some simple processes. I think of such ordinary processes as problem solving, learning, selection, imitation, rule follow-

ing, conflict management, and turnover. These processes are powerful adaptive mechanisms. Most of the time they allow an organization to function effectively in its environment, changing as the world changes. However, the same processes that produce adaptive change will sometimes lead to maladaptive change. Selection can lead to over-specialization, learning can lead to superstitious learning, problem solving can lead to incentives for gaming, and so on. At the same time, there are requirements for changes that are maladaptive in the short run but needed in the long run. Managerial foolishness is one way in which such things are introduced. Organizational slack is another. Ambiguity and loose coupling are others.

Questioner (William Staerkel, President, Parkland College): There are also other things that produce change among which are the pressures and forces of the outside environment. For example, in 1957 Sputnik was launched, and as a nation we fumbled around for awhile. Then *Life* magazine, among others, suddenly decided that the schools were at fault, and that we weren't teaching enough science. So all the schools began to increase their science offerings, and as a superintendent of schools, you were a helpless captive. If you wanted to survive, you had to be a proponent of science emphasis in the schools. The same thing is occasionally true of foreign languages. There are times when they become fashionable in the elementary schools, and, when this occurs, if you're in a wealthy suburb such as Palo Alto, you will find that the superintendent had better be for teaching foreign languages in elementary schools. I especially appreciated your theory of administration because it gives an administrator tremendous opportunity to do what he wants to do, or feels that he should do, and not be concerned about being wrong or inconsistent with established administrative principles. Personally, I believe that a successful administrator really has to function in that way. That's my own belief. There's the story of the college president standing on the corner of the street visiting with a friend, when a big crowd of people is noted walking down the other side of the street. The president says to the friend, "I have to go with these people." His friend asks, "Who are they?" He replies, "They're my faculty. I don't know where they're going, but I'm their leader and I have to get in front of them." Now, does that typify your idea of the power of an organization and the function of a college president?

Professor March: If I said anything to suggest that external pressures and imitation are not important in organizational change, I certainly misspoke. The epidemiology of innovation in organizations is not unlike the epidemiology of measles among a group of school children, and we cannot observe organizational change without being impressed by

the extent to which ideas (both good and bad) spread among organizations. Each individual manager, of course, is able to see the catching of the disease in terms of choice and managerial action; but an observer might be pardoned for taking a somewhat more epidemiological perspective.

As far as the college president who watches where the faculty is going and hurries to lead them, I think it is a good vision because it reveals the ambiguity of leadership in at least two important ways. The first is the old maxim that leadership requires followership. If a faculty is going firmly in a particular direction, a president can probably be most useful by running to get in front of them with the kind of openness about objectives that allows discovery of new ones. The second feature of the story is perhaps less obvious. There is rarely *a* faculty in a college or university. Different parts of a faculty run in different directions, and some parts run in several directions at the same time. One of the options of leadership is the option of announcing (within limits) which of these directions is the one in which "the faculty" is moving.

Questioner (Thomas J. Sergiovanni, Professor and Chairman, Administration, Higher, and Continuing Education): I'd like for you to comment on the cultural aspects of leadership. I know you gave some attention to this issue in your paper but probably not enough. Consider President Staerkel's comments about the president having to get out in front of the faculty once it decides to move, for example. It would seem to me, Jim, that one key leverage point an administrator has — be he or she a chairperson, dean, or president — is the ability to improve (maintain, nurture, alter) the culture of the organization. Chancellor Cribbet and other administrators at the University of Illinois pretty much let the faculty go and try to catch up with them later. If, as administrators, they do a good job of building and nurturing images of what this University is about, of setting standards and socializing people to a particular ethic, they can have confidence that when they finally do get in front, the faculty will be running off in a decent direction — wherever the ending, it will be a happy one. Would you elaborate on your comments referring to the more symbolic and interpretive aspects of teaching?

Professor March: I might add three general things about cultures, or world views, or whatever else we want to call these broad sets of beliefs and practices that permeate our lives. First, no administrator can control them arbitrarily. There are many other forces impinging on beliefs, and the marginal control that any one person has over them is ordinarily small. Second, exercising influence over the culture of an organization is not a route to precise managerial control. You do not

control the adoption or implementation of specific policies. Rather, you affect a climate for possible policies. On the whole, I think that is a better vision; but it is a perspective different from those that emphasize fine-grained control over organizational outcomes. Third, the development of organizational world views is more than an instrument of policy. It is important in its own right. We live by the poetry of life, and if an administrator helps to provide an interpretation of life that elaborates our lives in interesting ways, we are enriched. Administrators are poets. They help us experience events and actions in ways that make life more meaningful. But Lou Pondy is the real expert on this subject. Do you want to add anything Lou?

Questioner (Professor Pondy): Just that I agree very strongly. I published a paper two years ago called "Beyond Open System Models of Organization" which was a critique of the reigning theoretical book in the field of organizational sociology, which treated organizations as though they were machines and managers as though they were machine operators. If you buy into the machine metaphor, that's a sensible way of thinking about administration. If you present administrators with the machine metaphor directly, they'll doubtless deny it. But if you listen to the fragments of their language, you get a much more accurate understanding of what metaphor is implicitly in use. For example, administrators talk about the "output" of the university. The culture metaphor is really a different kind of metaphor. It pictures the institution as a language-using community, a sense-making community — one which has a history in which myths and stories are taken seriously, in which people aren't thought of as replaceable parts. Within the culture metaphor, the function of the administrator as poet, as linguist, as mythmaker, makes more sense than as machine operator.

Questioner (Daniel Alpert, Director of the Center for Advanced Study and Professor of Physics, UIUC): I found many of your comments to ring very true to my experience with a university as an organized anarchy. On the other hand, I found a different feeling of the role of management in certain other kinds of organizations. For example, in comprehensive R & D laboratories some turn out many new inventions, new technologies — others just don't, even though their people have similar backgrounds and credentials. Maybe it's like the difference between the demands on the management of a track team and the management of a football team. Perhaps it's that, but I do sense that there are significant differences — whether or not the management of such a collective enterprise has a theory for how it's doing. I wonder if you'd comment.

Professor March: As you know, Dan, research on R & D management is a hot topic these days. I suspect you are right — that managing an

R & D laboratory is different from managing a university, which is different from managing a business firm. Nevertheless, I think that most of what I said applies to each of them. Consider, for example, my comments about precision in management. We generally note that some organizations have clearer goals than others, and that is important to understanding how they function. But the observation that precisely measured objectives lead to the management of accounts (and thus to costs as well as benefits) probably applies to a wide variety of organizations. Rational R & D managers, like rational business firm executives and rational college presidents, will recognize that they can often control their accounts more easily than they can control their organizations. So, they will spend time trying to discover ways to "score" well without necessarily "doing" well. In the R & D management case, if you evaluate managers by the number of patentable inventions their organizations make (per engineer), you will stimulate some managerial imagination about how to increase that statistic without changing what is happening in the laboratory.

Questioner (President Ikenberry): I guess I have one. That is, having listened both to the paper and listened to our discussion, I found your theory to be increasingly useful in terms of explaining the norm — that is let us say 90 to 95 percent of the variance — but yet not so helpful in explaining the other 5 to 10 percent of the variance. Going back to a couple of the illustrations you used earlier, I then have asked myself, "Well, isn't life fought on the margin anyway?" And isn't it the task of an organization to try to go beyond the 90 percent to begin to cope with the other 5 or 10 percent which basically spells the difference, for example, between a Stanford and an "X"? That difference between Stanford and "X" or Illinois and "X" is, in fact, what the enterprise is all about. Do you grasp my frustration? I would be interested in your comment.

Professor March: I think there is a lot of truth in what you say, but I want to turn it around a bit. Sometimes it is tempting to define the task of theory as maximizing the explained variance in the phenomena we observe, but that is a potentially misleading perspective. In fact, a good deal of the variance in many situations can be explained from ordinary knowledge. Although ordinary knowledge is sometimes wrong and frequently uncodified, there is little point in constructing theories that are heavily redundant with what is well established in ordinary knowledge. What a theory should do is to contribute at the margin to what we know, to maximize the joint product of ordinary knowledge and theoretical knowledge. This means that much of the time a good theory will focus on the things that are easily forgotten by people who are in the field, or things that people know but don't understand. If

in this joint endeavor we someday manage to understand 90 percent of what is going on, I'd be delighted. I doubt that we are there yet, at least in understanding organizations. But wherever we are in absolute terms, you are quite right: the game is played at the margin. Where we might differ, although I am not sure that we would, is in whether the explanation of the last 10 percent is more likely to be found by introducing new variables (e.g., power, personality, culture, administrative skill) or by understanding better the ways in which the ordinary processes we think we understand so well sometimes produce unusual outcomes. Given where we are now, I think the latter task is one that should command a fair share of our attention in trying to develop our theories of organizations and management.

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